

The inter-municipal cooperation in Switzerland and the trend towards amalgamation

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In Switzerland, the ongoing reforms of fiscal federalism put municipalities under increased fiscal stress. A majority of the municipalities had responded by increasing the cooperation with neighbouring municipalities over the last few years. Simultaneously, many discuss or are directly involved in a possible amalgamation project. Accordingly, the paper aimed at describing how cooperation has presently developed between Swiss municipalities, in order to illustrate the existing trend towards amalgamation. Current surveys helped us estimate the growing importance of inter-municipal arrangements together with the surge of amalgamations. A further goal was to investigate if cantonal financial incentives to municipal amalgamation essentially benefit the cantonal community, following the fiscal equivalence principle, or if they rather benefit amalgamating municipalities. In reality, equivalence does not exist. However, this may possibly be the condition to reduce inequality among amalgamating municipalities.

En Suiza, las reformas relativas al federalismo fiscal han puesto a los municipios bajo una fuerte presión fiscal. La mayoría de las entidades han respondido a este fenómeno incrementando la cooperación con los municipios circundantes. Simultáneamente, los municipios están discutiendo, o directamente envueltos, en un proyecto de fusión. Por consiguiente, este trabajo tiene como propósito describir cómo se ha desarrollado la cooperación en los municipios suizos, con el fin de ilustrar también la tendencia hacia la fusión. Recientes investigaciones nos ayudan a estimar el crecimiento de la importancia de los acuerdos intermunicipales tendentes a la fusión. A la vez, tratamos de determinar si los incentivos financieros cantonales hacia la amalgama de municipios benefician esencialmente a la comunidad cantonal, siguiendo el principio de equivalencia fiscal. En realidad, la

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equivalencia no existe. No obstante, puede ser la condición para reducir la desigualdad entre las entidades fusionadas

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1. INTRODUCTION

The federalist organisation of the Swiss government is experiencing several adjustments to cope with a changing environment. The challenge is not only to further promote an efficient provision of public services, but also to improve responsiveness and accountability of politicians and bureaucrats through a greater democratic and participatory organisation of governments. This issue has constantly remained on the contemporary Swiss political agenda, either at the central or local level. The fiscal crisis and the rapid growth of public debt since the 1990's was a powerful incentive to transform ideas into action. The Swiss Confederation initiated such a movement mutually with the cantons. Meanwhile, several cantons initiated programmes to adjust their relationships with municipalities. Within the existing context of fiscal difficulties, each government level has, to a certain extent, attempted to delegate tasks and costs to the lower fiscal tier while preserving its responsibility to decide if the service has to be provided and according to which standards. As a result, municipalities are subject to additional fiscal pressure. This pressure is reinforced by an increase in tax competition.

Indeed, delegating the provision of public services to a lower level of government is difficult for municipalities, since they are at the bottom of the institutional hierarchy. Therefore, inter-municipal cooperation became a favoured solution out of the fiscal challenge. The number of inter-municipal associations or agreements has surged over the previous years. More recently, a powerful trend towards the amalgamation of municipalities has also taken place, motivated partially by financial incentives allocated by certain cantons to improve the attractiveness of amalgamation.

Consequently, this paper aims to portray how cooperation has recently developed between Swiss municipalities, illustrating the present trend towards amalgamation. Two recent surveys of Swiss municipalities help us estimate the growing importance of inter-municipal arrangements mutually with the surge of amalgamation discussions and projects. An